

IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

_____ day _____, 20__

PRESENT: Supervisors

ABSENT:

RESOLUTION NO. _____

RESOLUTION TO ADOPT ADJUSTMENTS TO THE IN-LIEU FEE SCHEDULE
AND HOUSING IMPACT FEE SCHEDULE OF
TITLE 29 – AFFORDABLE HOUSING FUND

The following resolution is hereby offered and read:

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3171 – Title 29 – Affordable Housing Fund, thereby establishing the in-lieu fee, the housing impact fee and the Affordable Housing Fund and also establishing the authority for collecting, depositing and disbursing the in-lieu fee and housing impact fee; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3169 – Land Use Ordinance Section 22.12.080: Inclusionary Housing, and Ordinance No. 3170 – Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing , thereby creating and establishing the authority for imposing and collecting the in-lieu fee and housing impact fee; and

WHEREAS, Title 29 – Affordable Housing Fund Section 29.04.04: Phase-in and

Annual Adjustment of Fee Schedules, directs the County to consider updating the in-lieu fee and housing impact fees every five years to reflect any changes in the funding gaps for very low, low, moderate income and workforce households; and

WHEREAS, in October, 2012, the Vernazza Wolfe Associates, Inc. prepared two nexus studies for the County that are entitled “Residential Housing Impact Fee Nexus Study” and “Updated Commercial Linkage Fee Nexus Study” (hereinafter referred to as the “Nexus Studies”); and

WHEREAS, the Nexus Studies evaluated the existing in-lieu and housing impact fee formulas, provided the economic analyses required to update the in-lieu and housing impact fees, and recommended updated fee schedules for the in-lieu and housing impact fees; and

WHEREAS, on November 13, 2012, the Board of Supervisors of the County of San Luis Obispo considered the recommendations of the Nexus Studies and adopted Resolution No. 2012-288, which established the current edition of the Title 29 fee schedules (for fiscal year 2013/2014); and

WHEREAS, Title 29 – Affordable Housing Fund Section 29.04.04: Phase-in and Annual Adjustment of Fee Schedules, also directs the County to consider adjusting the in-lieu fee and housing impact fees annually to match the year-by-year changes in construction costs that are documented in the Construction Cost Index for the San Francisco Bay Area, as published by McGraw-Hill in the Engineering News Record; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has determined that the current Title 29 fee schedules shall be adjusted to reflect the 0.7% increase in construction costs that has occurred in the year-to-year period between

October, 2012 and October, 2013, as documented by the Construction Cost Index for the City of San Francisco and published by McGraw-Hill in the Engineering News Record dated October, 2013, and that the fee schedules of Title 29, specifically, the fee amounts in Table 29.1 – Residential Development – In-Lieu Fee Schedule and Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule shall be adjusted to reflect the 0.7% increase in construction costs; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has considered the five-year phase-in schedule described in Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules, and has determined that the County shall remain at “Year 1” of the five-year phase-in period for the housing impact fee schedule, so that during fiscal year 2014/2015 the County shall collect 20% of the full fee amount (20% of the five year fee amount) as shown in Exhibit B - Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has also determined that the County shall move to “Year 2” of the five-year phase-in period for the in-lieu fee schedule, so that during fiscal year 2014/2015 the County shall collect 40% of the full fee amount (40% of the five year fee amount) as shown in Exhibit A - Table 29.1 – Residential Development – In-Lieu Fee Schedule; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has considered the following sections of the San Luis Obispo County Code – Title 22, Land Use Ordinance Section 22.12.080.C.1, and also Title 23, Coastal Zone Land Use Ordinance Section 23.04.096.c(1), wherein the chart entitled “Percentage of Base Density that shall be Inclusionary Housing Units” indicates that there shall be a five-

year phase-in period during which the number of inclusionary housing units shall be increased until such units make up 20% of the base density of housing units in a residential development, and that this phase-in period shall coincide with the five-year phase-in period that is implemented for the affordable housing fee schedules of Title 29, and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has determined that the required number of inclusionary housing units in residential development shall now be 8% (the “Year 2” amount) as indicated in the chart entitled “Percentage of Base Density that shall be Inclusionary Housing Units” that is found in Title 22, Land Use Ordinance Section 22.12.080.C.1, and in Title 23, Coastal Zone Land Use Ordinance Section 23.04.096.c(1) of the San Luis Obispo County Code, in order to coincide with the adjustment to “Year 2” of the in-lieu fee schedule of Title 29 for fiscal year 2014/2015; and

WHEREAS; the updated Title 29 fee schedules shall be effective for the coming fiscal year 2014/2015, starting on July 1, 2014.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of San Luis Obispo, State of California, that:

1. **Purpose.** This resolution is adopted for the purpose of adjusting the amount of in-lieu fee and housing impact fee to be imposed, charged and collected for fiscal year 2014/2015 (“FY 2014/2015”), in accordance with Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules. The said fee adjustments shall reflect the determination of the Board of Supervisors of the County of San Luis Obispo that the County shall remain at “Year 1” of the five-year

phase-in period for the housing impact fee schedule, as shown in Exhibit B - Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule. The said fee adjustments shall also reflect the determination of the Board of Supervisors of the County of San Luis Obispo that the County shall move to “Year 2” of the five-year phase-in period for the in-lieu fee schedule, as shown in Exhibit A - Table 29.1 – Residential Development – In-Lieu Fee Schedule. And the said fee adjustment shall reflect the most recent year-to-year construction cost changes that have occurred, as documented in the Construction Cost Index for the City of San Francisco, and published by McGraw-Hill in the Engineering News Record. This resolution is also adopted for the purpose of authorizing the continued practice of imposing and collecting the in-lieu fee and housing impact fee in conformance with this resolution, with Title 29 – Affordable Housing Fund, with Land Use Ordinance Section 22.12.080: Inclusionary Housing, and with Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing.

2. Inclusionary Housing Units. The required number of inclusionary housing units in residential development shall be 8% (the “Year 2” amount) as indicated in the chart entitled “Percentage of Base Density that shall be Inclusionary Housing Units” that is found in Title 22, Land Use Ordinance Section 22.12.080.C.1, and in Title 23, Coastal Zone Land Use Ordinance Section 23.04.096.c(1) of the San Luis Obispo County Code, in order to coincide with the adjustment to “Year 2” of the in-lieu fee schedule of Title 29 for FY 2014/2015.

3. Amount of Fee. The current fiscal year 2013/2014 (“FY 2013/2014”) in-lieu and housing impact fee schedules in Title 29 – Affordable Housing Fund, shall be adjusted as follows:

- a. The fee schedules of Title 29 shall be adjusted as follows: 1) the County shall remain at “Year 1” of the five-year phase-in period for the housing impact fee schedule, as shown in Exhibit B - Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule, and 2) the County shall move to “Year 2” of the five-year phase-in period for the in-lieu fee schedule, as shown in Exhibit A - Table 29.1 – Residential Development – In-Lieu Fee Schedule.
- b. During fiscal year 2014/2015 the County shall collect 40% of the full fee amount (40% of the five year fee amount) shown in Table 29.1 (FY 2014/2015) – Residential Development – In-Lieu Fee Schedule. During fiscal year 2014/2015 the County shall collect 20% of the full fee amount (20% of the five year fee amount) shown in Table 29.2 (FY 2014/2015) – Nonresidential Development – Housing Impact Fee Schedule. The attached Exhibit “C” shows highlighting of the “Year 1” and “Year 2” columns in Table 29.3 (FY 2014/2015) and Table 29.4 (FY 2014/2015). The “Year 1” column is highlighted for the housing impact fee schedule. The “Year 2” column is highlighted for the in-lieu fee schedule.
- c. There shall be a 0.7% increase in the fee amounts shown in Title 29, specifically in Table 29.1 – Residential Development – In-Lieu Fee Schedule and in Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule. This fee adjustment reflects the 0.7% increase in construction costs that occurred between October, 2012 and October 2013, as documented by the Construction Cost Index for the City of San Francisco, as published by McGraw-Hill in the Engineering News Record,

dated October, 2013.

- d. The attached Exhibit “A” and Exhibit “B” show the adjusted fee schedules with the “Year 1” amount for Table 29.2, the “Year 2” fee amount for Table 29.1, and the 0.7% fee increase for both tables. The attached Exhibit “C” shows the adjusted fee amounts with the 0.7% fee increase for both tables.

4. Time of Fee Payment. The in-lieu fee and housing impact fee established for FY 2014/2015 by the County and by Title 29 – Affordable Housing Fund shall be paid at the time of land use permit approval, construction permit issuance or subdivision map recordation, or may be deferred until the date of final permit approval, in accordance with the provisions of Title 29 – Affordable Housing Fund, Land Use Ordinance Section 22.12.080: Inclusionary Housing, Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing, and Government Code Section 66007, subdivision (b).

5. Fees Accounts. An Affordable Housing Fund with individual accounts for the in-lieu fee and the housing impact fee has been established pursuant to Ordinance 3171 – Title 29 – Affordable Housing Fund. The moneys in the said fund and accounts are being appropriated and applied in accordance with the requirements, standards and policies of Title 29 – Affordable Housing Fund and of the County of San Luis Obispo Housing Element. All allocations and expenditures of the said fund and fee accounts shall be done in accordance with the Affordable Housing Fund Action Plan, an annual action plan that is prepared pursuant to Title 29 Section 29.05.020 and that is adopted by the Board of Supervisors of County of San Luis Obispo.

6. Use of Fees. The in-lieu fee and housing impact fee shall be used

solely to construct, rehabilitate or subsidize very low, low, moderate income and workforce housing, and/or to assist government entities, non-profit agencies, private organizations or individual in the construction, rehabilitation or subsidy of very low, low, moderate income and workforce housing, and/or to assist with the provision of rental or owner occupied housing services. All said housing development projects and subsidies and housing services shall be the ones that are identified and described in the Affordable Housing Fund Action Plan.

7. Nexus Studies.

- a. Studies were done to document the number of affordable housing units that are needed to serve new development projects. The studies then establish the reasonable relationship between the cost of providing affordable housing that can be attributed to (linked to) new development projects and the Title 29 fee amounts that are imposed on such development projects. These studies should be updated periodically to reflect changes in the local housing market, construction industry, and the funding gaps for affordable housing.
- b. The following studies (hereinafter referred to as the “Nexus Studies”), were prepared for the County by Vernazza Wolfe Associates, Inc.: 1) the “Residential Housing Impact Fee Nexus Study”, dated October, 2012, and 2) the “Updated Commercial Linkage Fee Nexus Study”, dated October, 2012.
- c. The Residential Housing Impact Fee Nexus Study evaluates and quantifies the demand for affordable housing created by new residential development projects in the County. Residential development creates a

need for a support population that will serve the homebuyers and new residential neighborhoods. This support population needs affordable housing. The Updated Commercial Linkage Fee Nexus Study evaluates and quantifies the demand for affordable housing that is caused by new commercial and industrial development. Employees that come to work in the new commercial / industrial development need affordable housing.

- d. The Residential Housing Impact Fee Nexus Study establishes a reasonable and justifiable in-lieu fee schedule that can be imposed to mitigate the cost / impact to the County's affordable housing stock that is caused by residential development projects. The Updated Commercial Linkage Fee Nexus establishes a reasonable and justifiable housing impact fee schedule that can be imposed to mitigate the cost / impact to the County's affordable housing stock that is caused by commercial and industrial development projects.
- e. The Board finds that the Nexus Studies have established a reasonable relationship between the use of the in-lieu and housing impact fees and the type of development projects on which the fees are imposed. The in-lieu fee shall be used to produce affordable housing units and mitigate the need for such housing that is generated by the construction of new residential projects in the County. The housing impact fee shall be used to produce affordable housing and mitigate the need for such housing that is generated by the construction of new commercial and industrial projects in the County.
- f. The Board finds that the Nexus Studies have established a reasonable

relationship between the need for affordable housing and the type of development projects on which the in-lieu and housing impact fees are imposed. The Nexus Studies document the number of affordable housing units that are needed to serve residential and commercial / industrial development projects. The Nexus Studies also provide an in-lieu fee schedule and a housing impact fee schedule to be imposed on residential development and on commercial / industrial development, respectively. These fee schedules implement reasonable and justified fee amounts that match the cost of producing the affordable housing units needed to serve new residential development and new commercial / industrial development.

8. Effective Date. The in-lieu and housing impact fee schedules for FY 2014/2015, as shown in Exhibits “A” and “B,” shall become effective as of July 1, 2014.

Upon motion of Supervisor _____, seconded by
Supervisor _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted.

Chairperson of the Board of Supervisors

ATTEST:

Clerk of the Board of Supervisors

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By:



Deputy County Counsel

Dated: October 23, 2013

STATE OF CALIFORNIA,)
) ss.
County of San Luis Obispo,)

I, _____, County Clerk and ex-officio Clerk of the Board of Supervisors, in and for the County of San Luis Obispo, State of California, do hereby certify the foregoing to be a full, true and correct copy of an order made by the Board of Supervisors, as the same appears spread upon their minute book.

WITNESS my hand and the seal of said Board of Supervisors, affixed this day of _____, 20 ____ .

County Clerk and Ex-Officio Clerk of the
Board of Supervisors

(SEAL)

By: _____
Deputy Clerk.

Exhibit “A”**(SUPERSEDED) Table 29.1 (FY 2013/2014) – Residential Development – In-Lieu Fee Schedule**

Unit Size (SF)	Year 1 Per Unit Fee*	Year 5 Per Unit Fee	Fee for one IHU**
Under 900 SF Exempt			
900	\$639	\$3,195	\$15,975
1,000	\$710	\$3,550	\$17,750
1,100	\$781	\$3,905	\$19,525
1,200	\$852	\$4,260	\$21,300
1,300	\$923	\$4,615	\$23,075
1,400	\$994	\$4,970	\$24,850
1,500	\$1,065	\$5,325	\$26,625
1,600	\$1,136	\$5,680	\$28,400
1,700	\$1,207	\$6,035	\$30,175
1,800	\$1,278	\$6,390	\$31,950
1,900	\$1,349	\$6,745	\$33,725
2,000	\$1,420	\$7,100	\$35,500
2,100	\$1,491	\$7,455	\$37,275
2,200	\$1,562	\$7,810	\$39,050
2,300	\$1,633	\$8,165	\$40,825
2,400	\$1,704	\$8,520	\$42,600
2,500	\$1,775	\$8,875	\$44,375
2,600	\$1,846	\$9,230	\$46,150
2,700	\$1,917	\$9,585	\$47,925
2,800	\$1,988	\$9,940	\$49,700
2,900	\$2,059	\$10,295	\$51,475
3,000	\$2,130	\$10,650	\$53,250
3,100	\$2,201	\$11,005	\$55,025
3,200	\$2,272	\$11,360	\$56,800
3,300	\$2,343	\$11,715	\$58,575
3,400	\$2,414	\$12,070	\$60,350
3,500	\$2,485	\$12,425	\$62,125
3,600	\$2,556	\$12,780	\$63,900
3,700	\$2,627	\$13,135	\$65,675
3,800	\$2,698	\$13,490	\$67,450
3,900	\$2,769	\$13,845	\$69,225
4,000	\$2,840	\$14,200	\$71,000

Original Source: Residential Housing Impact Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

~~* FY 2013/2014 is Year 1 of the five year phase-in period for Title 29 fees. During FY 2013/2014 the County shall collect in-lieu fee amounts pursuant to the Year 1 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 1 = 20% of Year 5 fee amounts.~~

**IHU = Inclusionary Housing Unit. This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: Table 29.1 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

Exhibit “A”**Table 29.1 (FY 2014/2015) – Residential Development – In-Lieu Fee Schedule**

Unit Size (SF)	Year 1 Per Unit Fee*	Year 2 Per Unit Fee**	Year 5 Per Unit Fee	Fee for one IHU***
Under 900 SF Exempt				
900	\$639	\$1,287	\$3,217	\$16,087
1,000	\$710	\$1,430	\$3,575	\$17,874
1,100	\$781	\$1,573	\$3,932	\$19,662
1,200	\$852	\$1,716	\$4,290	\$21,449
1,300	\$923	\$1,859	\$4,647	\$23,237
1,400	\$994	\$2,002	\$5,005	\$25,024
1,500	\$1,065	\$2,145	\$5,362	\$26,811
1,600	\$1,136	\$2,288	\$5,720	\$28,599
1,700	\$1,207	\$2,431	\$6,077	\$30,386
1,800	\$1,278	\$2,574	\$6,435	\$32,174
1,900	\$1,349	\$2,717	\$6,792	\$33,961
2,000	\$1,420	\$2,860	\$7,150	\$35,749
2,100	\$1,491	\$3,003	\$7,507	\$37,536
2,200	\$1,562	\$3,146	\$7,865	\$39,323
2,300	\$1,633	\$3,289	\$8,222	\$41,111
2,400	\$1,704	\$3,432	\$8,580	\$42,898
2,500	\$1,775	\$3,575	\$8,937	\$44,686
2,600	\$1,846	\$3,718	\$9,295	\$46,473
2,700	\$1,917	\$3,861	\$9,652	\$48,260
2,800	\$1,988	\$4,004	\$10,010	\$50,048
2,900	\$2,059	\$4,147	\$10,367	\$51,835
3,000	\$2,130	\$4,290	\$10,725	\$53,623
3,100	\$2,201	\$4,433	\$11,082	\$55,410
3,200	\$2,272	\$4,576	\$11,440	\$57,198
3,300	\$2,343	\$4,719	\$11,797	\$58,985
3,400	\$2,414	\$4,862	\$12,154	\$60,772
3,500	\$2,485	\$5,005	\$12,512	\$62,560
3,600	\$2,556	\$5,148	\$12,869	\$64,347
3,700	\$2,627	\$5,291	\$13,227	\$66,135
3,800	\$2,698	\$5,434	\$13,584	\$67,922
3,900	\$2,769	\$5,577	\$13,942	\$69,710
4,000	\$2,840	\$5,720	\$14,299	\$71,497

Original Source: Residential Housing Impact Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

*For FY 2014/2015 the fee schedule was adjusted to include a construction cost increase of 0.7%, based on the ENR-CCI for San Francisco (October, 2013). The 0.7% construction cost increase is included in the fee amounts shown above, with the exception of the Year 1 column. The Year 1 column does not include the 0.7% increase.

** FY 2014/2015 is Year 2 of the five-year phase-in period for Title 29 fees. During FY 2014/2015 the County shall collect in-lieu fee amounts pursuant to the Year 2 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 2 = 40% of Year 5 fee amounts.

***HU = Inclusionary Housing Unit. This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: Table 29.1 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040. For FY 2014/2015 the "Year 2" column will be used to calculate the in-lieu fee amounts for residential projects.

Exhibit “B”**(SUPERSEDED) Table 29.2 (FY 2013/2014) –
Nonresidential Development – Housing Impact Fee Schedule**

Commercial/Retail	\$3.24
Commercial Service/Offices	\$2.25
Hotel/Motel	\$3.40
Industrial/Warehouse	\$1.35
Other Non-Residential	\$2.97
Commercial Greenhouses	(incremental increase) $\$0.07462 = \0.07

Original Source: Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Note: Table 29.2 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

**Table 29.2 (FY 2014/2015) –
Nonresidential Development – Housing Impact Fee Schedule**

Nonresidential Land Use	-----	Fee per square foot
	<u>Year 1</u>	<u>Year 5</u>
Commercial/Retail	<u>\$0.65</u>	<u>\$3.26</u>
Commercial Service/Offices	<u>\$0.45</u>	<u>\$2.27</u>
Hotel/Motel	<u>\$0.68</u>	<u>\$3.42</u>
Industrial/Warehouse	<u>\$0.27</u>	<u>\$1.36</u>
Other Non-Residential	<u>\$0.60</u>	<u>\$2.99</u>
Commercial Greenhouses	<u>\$0.08</u>	(incremental increase) <u>$\\$0.07514 = \\0.08</u>

Original Source: Updated Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Note: For FY 2014/2015, commercial / industrial development will be charged 20% of the housing impact fee amount (“Year 1” = 20% of “Year 5” fee amounts). Table 29.2 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

Note: For FY 2014/2015 the fee schedule was adjusted to include a construction cost increase of 0.7%, based on the ENR-CCI for San Francisco (October, 2013).

Exhibit “C”**(SUPERSEDED) Table 29.3 (FY 2013/2014) – Phasing of In-Lieu and Housing Impact Fees**

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

(SUPERSEDED) Table 29.4 (FY 2013/2014) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$1,491	\$2,982	\$4,473	\$5,964	\$7,455
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$6,480	\$12,960	\$19,440	\$25,920	\$32,400

Table 29.3 (FY 2014/2015) – Phasing of In-Lieu and Housing Impact Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

Table 29.4 (FY 2014/2015) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$1,491	\$3,003	\$4,504	\$6,006	\$7,507
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$6,525	\$13,051	\$19,576	\$26,101	\$32,627

Note: For FY 2014/2015 residential development will be charged 40% of the in-lieu fee amount (“Year 2”). And commercial / industrial development will be charged 20% of the housing impact fee amount (“Year 1”).

Note: All fee amounts shown above include a 0.7% increase for FY 2014/2015, with the exception that the Year 1 amount for the in-lieu fee (\$1,491) does not include the 0.7% increase.